

**UTAH STATE OFFICE OF EDUCATION (USOE)  
CHARTER SCHOOL REVOLVING LOAN FUND APPLICATION**

Please return this document with application materials, completing sections as appropriate.

**Due:** March 15, 2011, 5 pm

**Final Application:** *All applicants must submit an application by the indicated deadline; all schools having charters approved by the State Board of Education by date Committee Consideration of this loan are eligible for funding.*

**Name of charter school:** \_\_\_\_\_

**Current enrollment (October 01 Count):** \_\_\_\_\_

**Authorized capacity per charter agreement:** \_\_\_\_\_

**Grades served:** \_\_\_\_\_

**District:** \_\_\_\_\_

**Dollar amount of loan being requested:** \_\_\_\_\_

**Contact person:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City, State, Zip:** \_\_\_\_\_

**Telephone number:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**For USOE use only:**

Date application received: \_\_\_\_\_

Date RL Sub-Account Committee approved / denied: \_\_\_\_\_

Date SCSB approved / denied: \_\_\_\_\_

Date SBE application approved / denied: \_\_\_\_\_

Fiscal Year of SBE Approval: \_\_\_\_\_

Dollar amount of approved loan: \_\_\_\_\_

Percentage of Total Amount Requested: \_\_\_\_\_

Amortization completed: \_\_\_\_\_ Promissory note signed: \_\_\_\_\_

Trust Indentures or other liability document verified for restrictions on additional debt; permission received if applicable (Date): \_\_\_\_\_

Committee Restrictions on Funding: \_\_\_\_\_

## Overview

The legislature, under U.C.A. 53A-21-401(5)(c), has established a Revolving Loan Fund within the Capital Outlay Loan Program to assist new\* and established charter schools with:

Planning Expenses  
Constructing or Renovating Charter School Buildings  
Equipment and Supplies  
Other Start Up and Expansion activities  
Urgent Facility Needs (R277-470-1)

Expenses are restricted to capital outlay and may not include ongoing operational expenses, or expendable equipment and supplies. Applications will be accepted from (1) all existing schools plus (2) schools expecting to receive State Board of Education approval of charter prior to the date of a scheduled Revolving Loan Committee hearing to consider an application. Priority is accorded to new schools (U.C.A. 53A-21-401(5)(d)) and schools with Urgent Facility Needs (R277-470-1). New means any charter school through the first day of its second year of operation with students, or a satellite school that requires a new location or campus. Start-up or expansion expenses are limited to:

- Salaries and employee benefits *not within the parameters of the CSP Start-up & Implementation Grant* (if school is eligible) which funds staff involved in curriculum development and preparation in first year, and services of academic or instructional director.
- Purchased professional and technical services.
- Purchased property services.
- Other purchased services.
- Supplies and materials which are capacity-building and relatively durable.
- Audit costs.
- Expenditures for the acquisition of fixed assets, including expenditures for land or existing buildings and improvements of grounds; initial equipment; additional equipment; and replacement of equipment (e.g. machinery, school buses, furniture & fixtures, audiovisual equipment, non-bus vehicles, computer equipment (hardware)).
- Construction, remodeling, or equipment purchases

Priority shall be given to schools with an *urgent facility need* as defined in R277-470-1-T. Documentation shall be provided in Section "4. A5 Basis of Need." "Urgent facility need" as provided in Section 53A-21-401(5)(d) means an unexpected exigency that affects the health and safety of students such as:

- (1) To satisfy an unforeseen condition that precludes a school's qualification for an occupancy permit; or
- (2) To address an unforeseen circumstance that keeps the school from satisfying provisions of public safety, public health or public school code.

The Charter School Revolving Loan Fund Committee will review all documentation and may waive items on a case by case basis.

Repayment of Loan award will be facilitated by an automatic draft of funds directly from recipient accounts. This will occur subsequent to receipt of regular per pupil funding through an "**ACH Program**" which involves automatic drafting of payments from a recipient's bank account on a monthly basis. Applications for ACH automatic withdrawal of payments include listing bank name, address, routing number and account number. These drafts are set up and handled through the Office of the Utah State Treasurer subsequent to receipt of revenues on a regular monthly basis. They do not constitute a withholding of revenue.

The Charter School Section will review all applications to ensure completeness, correctness, and adherence to state

law and board administrative rule. All materials should be provided in *Digital form*, in a Word, Adobe or other readily accessible digital file. NO DOUBLE SIDED, STAPLED OR BOUND COPIES WILL BE ACCEPTED for items that cannot be presented in digital form. Staff is available for technical assistance.

Only applications meeting minimum criteria set out herein will be recommended to the Charter School Revolving Loan Fund Committee. Applications meeting minimum criteria will be recommended to the Charter School Revolving Loan Fund Committee in conjunction with USOE Staff. The following is required:

1. Background checks for all governing board members.
2. Credit score report for all governing board members, current school director, and current business official (NEW SCHOOLS) OR Business Risk Score (SBSS) for established schools.

Applicants must be aware that subsequent to an award, funds must be placed in a depository which complies with the Utah Money Management Act (U.C.A. 53A-4-205) such that it is listed as a “qualified depository.” A list of these is available at:

<http://www.treasurer.utah.gov/qualdepo.pdf>

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## I. General Information

The charter school was approved by: (check)

- ☐ Local board of education (*attach signed copy of the Utah Charter School Assurances*)
- ☐ Utah State Board of Education (*signed contract with assurances should be on file*)

Attach to this application a statement explaining the **purpose** for requesting funds from the Charter School Building Sub-account, including how the construction, renovation, and/or purchase of facilities meets all applicable requirements of law, administrative rule, and building codes.

Attach to this application a copy of the **resolution** (p. 4) signed by all members of the governing board, with a list of the current names and contact information for all board members.

## II. Review Criteria for a Loan

To determine the soundness of the financial condition of the charter school, please submit the following information for loan consideration (see attached examples):

1. Revolving Loan Account Application Financial Statement Checklist:
  - ☐ **Statements** from each charter school governing board members specifying their relevant not-for-profit, board, managerial and related experience (limited to one page in total, all members combined).
  - ☐ **Budget Detail**
  - ☐ **Audited Financial Statement for prior fiscal year for established Schools.** This must include all pages.
  - ☐ **Budgetary Plan for 1-3 operating years** in EXCEL format. Established schools shall submit Budget on [AFR form](#) supplied by USOE School Finance and Statistics, with loan funds included and appropriated budgeted. Schools with no prior fiscal information shall submit *pro forma* financial statements of its planning year and two operational years (limited to 3 pages). **Pro Forma Financial Statements** must include one Planning and two Operational Years (**for new schools not yet accepting students**) (limited to 3 pages).
  - ☐ **Two most recent year's federal tax returns** (1040, 990) for school in operation for more than one year (all schedules, signed).
  - ☐ **Breakdown of (1) short-term (i.e. debt can be completely repaid in less than 24 months) and (2) long-term liability listed in attached financial statement or acquired year to date.** Schools shall supply documentation of all existing loans and credit accounts, including information regarding Related Party loans (e.g. board members, employees, family, friends, etc.), showing the amount owed, interest rate, loan terms and conditions, and any other relevant information such as names of creditors. Also include copies of capital leasing documents unrelated to facility lease.
  - ☐ **Outstanding Accounts Payable or Accrued Liabilities over \$5,000 in excess of 90 days.** Provide the school's plan of action for resolving items on this list. Provide statement that no such accounts exist if this is the case.
  - ☐ **Negative Account Features** such as but not limited to Accounts Payable Terms which have not been met (e.g. past due, not current, etc.). Provide the school's plan of action for resolving items on this list. Provide statement that no such accounts exist if this is the case.
  - ☐ **Liens, judgments, pending litigation, or other unresolved financial issues** and provide the school's plan of action for resolving items on this list. Provide statement that no such accounts exist if this is the case.
  - ☐ Any other circumstance that could have a material effect on your school's ability to service this loan.
  - ☐ Current budget to actuals report of financial results.

***In addition to the financial statement requirements above, schools shall:***

1. Provide evidence of liability and physical property insurance for charter school; *schools that have not opened with students shall include a copy of the original charter school application insurance section.*
2. Provide a “Detailed use of funds” statement totaling amount in application and including brief budget description, and complete and include relevant data within **Pro Forma Financial Statements** available at: (<http://www.schools.utah.gov/charterschools/Funding/Funding-Information.aspx>).
3. Provide a narrative outlining the “basis of need” for requested funds and including specification of Priority Status of Urgent Need as outlined in this application package, with documentary evidence of urgent need included.
4. Provide an electronic copy of Articles of Incorporation for not-for-profit corporation **if** a signed copy of current articles of incorporation is not on file with the Utah State Office of Education Charter Schools Section.
5. Provide an electronic copy of By-laws for not-for-profit corporation **if** a signed copy current bylaws is not on file with the Utah State Office of Education Charter Schools Section. Please note whether these have been modified to allow a governmental basis of organization.
6. Supply the following at time of application:
  - Background checks for all governing board members.
  - Credit score report for all governing board members, current school director, and current business official (NEW SCHOOLS) OR Business Risk Score (SBSS) for established schools.

***Background and credit documentation will not be accepted subsequent to submission of application package to USOE staff; such documents will not be accepted, as in the case of the application, beyond the established deadline for submission of applications.***

7. Contact USOE Facilities specialist Jenefer Youngfield ([Jenefer.Youngfield@schools.utah.gov](mailto:Jenefer.Youngfield@schools.utah.gov); (801) 538-7669) concerning completion of Pre-Construction Checklist required of all schools initiating a construction or renovation project. Applicant must include evidence that [Pre-Construction checklist](#) items have been appropriately submitted to Utah State Office of Education Construction Specialist, Jenefer Youngfield (written statement from Jenefer Youngfield will suffice).
8. Submit electronic copy of Loan Agreement, Trust Indentures and Mortgage agreement or Capital Lease if the school holds bonded or other long-term debt.
9. REVOLVING LOAN Construction Checklist  
**Note:** This checklist is separate from and exclusive of the “Pre-Construction Checklist” maintained by School Finance Facilities specialist Jenefer Youngfield. Schools using funding for construction or renovation purposes must complete the additional checklist included here, as these documents become part of your loan application package. *Applicable items must be submitted at time of application submission to USOE, and will not be accepted subsequent to this.* Please consult USOE Charter Schools Section Financial staff if you have questions concerning items on this list.

Included	Not Applicable	REVOLVING LOAN Construction Checklist
		Copy of civil drawings (onsite/offsite improvement) ( <b>circle</b> ),
		General Contractor's Contract showing scope of work.
		Insurance Certificate naming USOE as Insured for full amount of loan.
		Authorization of first trustee holder for approval of second trust deed.
		Bond Trust Indentures if bonded (electronic format).
		Title policy/report.
		8½ x 11” Project Description
		Non-transferable or assumable trustee note.
		Appraisal “Summary Page” and “Authorization” of appraisal writer.
		Statement from charter school identifying Charter School Building Official and acceptance of responsibility to follow state laws as outlined in the “School

## Repayment Provisions

The loan shall be repaid within five years. Payments shall be conducted through an ACH debit of the school's designated bank account. Authorization is hereby given to initiate this process, and assurance is provided that the school will provide lender (USOE) with appropriate permissions and account documentation prior to receipt of funds, and will update this information as necessary to facilitate automatic withdrawal of funds on a monthly basis in consonance with the repayment schedule decided upon by the Revolving Loan Committee and agreed to in appropriate loan documentation.

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Name of Charter School

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Authorizing Signature

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Printed Name

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Date

Submit this application, the signed resolution, and all attachments to:

Cory Kanth  
Utah State Office of Education  
250 East 500 South  
P. O. Box 144200  
Salt Lake City, UT 84114-4200  
(801) 538-7703  
[Cory.Kanth@schools.utah.gov](mailto:Cory.Kanth@schools.utah.gov)

## RESOLUTION

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### Name of Charter School

We, the governing board of the above-mentioned charter school, agree to the following:

- We enter into the loan as provided in the application materials;
- The interest rate established by the State Revolving Loan Fund Committee (currently this is one half of the Triple A Bond Rate available on the date of Loan Approval by the State Charter School Board) and the repayment schedule of the loan designated by the State Superintendent of Public Instruction;
- The loan funds shall only be used for facilities consistent with the purposes of Section 53A-21-401(5)(c) and the approved charter, and shall be tracked and accounted for such that expenditures associated with Revolving Loan Funds are evident upon audit.
- Any and all audits of financial information ordered by the Subaccount Committee or the Board;
- Any and all inspections or reviews ordered by the Subaccount Committee or the Board;
- The loan repayment period will be: \_\_\_\_\_ years from \_\_\_\_\_ to \_\_\_\_\_; and
- We understand that repayment, including interest, shall be deducted automatically from the charter school's designated bank account through an automatic clearinghouse withdrawal of funds in accordance with the schedule specified in the applicable statement of amortization and shall continue until loan balance is fully repaid.
- We agree to any additional terms communicated to us by the Account Subcommittee at the time of application consideration by such Account Subcommittee, and included in our Promissory note.

### GOVERNING BOARD (all Members):

Name (please print)

Signature

Date

_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____
_____	_____	_____

Are these all serving Board Members? \_\_\_\_\_ Yes \_\_\_\_\_ No

**ATTACHMENTS (PLEASE LABEL ALL PAGES BY ATTACHMENT NUMBER)**

**1. Charter School Approval**

- Applicant is approved as a charter school in the State of Utah and has signed copy of Charter School Assurances on record with USOE.

Yes \_\_\_\_\_

No \_\_\_\_\_

**2. Purpose Statement (3 points)**

- Applicant includes statement of the purpose for requesting funds.
- Purpose statement includes how the intended use of funds meets Utah Code Annotated §53A-21-401, which states this loan is to assist the Charter School in paying the capital outlay costs associated with planning expenses; constructing or renovating charter school buildings; equipment and supplies; or other start-up or expansion expenses which are in the nature of capital assets or capacity-building.
- Applicant clearly specified basis of Urgent Need as per R277-470-1-T and offers documentary evidence of need.

0 points per item	1 point per item	2 points per item	3 points per item
Applicant does not provide signed purpose statement.	Applicant provides purpose statement, but it does not include how the use of funds meets UCA §53A-21-401.	Applicant provides purpose statement, but it only partially includes how the use of funds meets UCA §53A-21-401.	Applicant provides purpose statement, clearly showing how the use of funds meets UCA §53A-21-401.

**3. Board Resolution**

- Applicant is approved as a charter school in the State of Utah and includes signed board resolution including all applicable terms.

Yes \_\_\_\_\_

No \_\_\_\_\_

**4. Required Documentation (21 points)**

**A-1) Not-for-profit experience (3 points)**

- Applicant provides information for all governing board members, highlighting not-for-profit managerial and related experience (in areas related to Finance, Management, Education, Law, Real Estate, Facilities, Procurement and Human Resources), and documents such experience appropriately.

0 points per item	1 point per item	2 points per item	3 points per item
Applicant does not provide	Applicant provides	Applicant provides	Applicant provides



Information for all board members or does not include applicable not-for-profit experience.	Information for all board members, but there is limited applicable not-for-profit experience.	Information for all board members, and there is adequate applicable not-for-profit and other experience.	Information for all board members, and there is significant, documented applicable not-for-profit experience and other applicable experience.
Applicant experience in areas related to Finance, Management, Education, Law, Real Estate, Facilities, Procurement and Human Resources is not present.	Applicant includes only limited documented experience in areas related to Finance, Management, Education, Law, Real Estate, Facilities, Procurement, and Human Resources.	Applicant provides adequate experience in areas related to Finance, Management, Education, Law, Real Estate, Facilities, Procurement and Human Resources.	Applicant provides rich and documented experience in areas related to Finance, Management, Education, Law, Real Estate, Facilities, Procurement and Human Resources.

## A-2) Financial Statement (15 points)

- Applicant provides (a) financial statement for prior fiscal year and (b) budgetary plan for 1-3 operating years in EXCEL format on [AFR form](#) supplied by USOE School Finance and Statistics. Schools with no prior fiscal year information shall submit pro forma financial statements of its planning year and two operational years (limited to 3 pages).
- Applicant provides breakdown of (1) short-term (i.e. debt can be completely repaid in less than 24 months) and (2) long-term liability listed on attached financial statement or acquired year to date. Applicant shall include loan documentation, including related party loans, showing the amount owed, interest rate, loan terms and conditions, and any other relevant information.
- Applicant lists any outstanding accounts payable over \$5,000 in excess of 90 days and provides the school's plan of action for resolving items on this list. Applicant provides statement attesting that these circumstances do not apply to their situation in the event they do not.
- Applicant discloses any accounts payable terms which have not been met (e.g. past due, not current, etc.) and provides the school's plan of action for resolving items on this list. Applicant provides statement attesting that these circumstances do not apply to their situation in the event they do not.
- Applicant lists any liens, pending litigation, or other unresolved financial or other material issues and provides the school's plan of action for resolving items on this list. Applicant provides statements attesting that these circumstances do not apply to their situation in the event they do not.

0 points per item	1 point per item	2 points per item	3 points per item
Applicant does not provide financial statement or pro forma as requested.	Applicant's financial statements are incomplete or pro forma documents exceed page limit.	Applicant's financial statements and budget inclusions are sufficient.	Applicant's financial statements are clear and concise; capability of meeting obligations is clearly demonstrated. Budgetary inclusions (or pro forma statements) are inclusive of relevant costs and accurate in estimations.

Applicant does not provide breakdown of liabilities as requested.	Applicant's liabilities are incomplete or not categorized AND it appears that ratio of current assets to current liabilities is less than .6	Applicant's ratio of current assets to current liabilities is less than .6 indicating current difficulty meeting financial obligations.	Applicant's ratio of current assets to current liabilities is greater than 1.0, indicating current ability to meet financial obligations.
Applicant does not include accounts payable as requested.	Applicant's accounts payable are incomplete OR plan of action is not acceptable.	Applicant's accounts payable plan of action is acceptable.	Applicant's accounts payable plan of action is easily manageable OR a statement of no accounts payable is present.
Applicant does not include any terms which have not been met as requested.	Applicant's terms are incomplete OR plan of action is not acceptable.	Applicant's terms plan of action is acceptable.	Applicant's overdue terms plan of action is exemplary and easily manageable OR a statement of "no negative accounts payable" is included.
Applicant does not list liens, etc. as requested.	Applicant's liens are incomplete or plan of action/listing is not acceptable.	Applicant's liens plan of action/listing is acceptable.	Liens plan of action is exemplary and easily manageable OR a statement of "no outstanding negative credit features" is present.

### A-3) Property Insurance

- Applicant provides evidence of current liability and physical property insurance for charter school.
- Schools that have not opened with students shall include a copy of the original charter school application insurance section.

Yes \_\_\_\_\_

No \_\_\_\_\_

### A-4) Budget Detail

- Applicant provides detailed use of funds totaling amount in application including brief budget description.
- Detailed use of Funds form available at (<http://www.schools.utah.gov/charterschools/funding/fundingInfo.htm>).

Yes \_\_\_\_\_

No \_\_\_\_\_

### A-5) Narrative of Need (3 points)

- Applicant writes narrative outlining the need for requested funds.
- Urgent facility need, as defined in Board Administrative Rule R277-470-1-T, "means an unexpected exigency that affects the health and safety of students such as 1) to satisfy an unforeseen condition that precludes a

school's qualification for an occupancy permit; or 2) to address an unforeseen circumstance that keeps the school from satisfying provisions of public safety, public health or public school code. Applicant clearly specifies basis of Urgent Facility Need as per R277-470-1-T and offers documentary evidence of need if this is stated as a basis of priority.

0 points per item	1 point per item	2 points per item	3 points per item
Applicant does not provide narrative of need OR incorrectly identifies school as qualifying for “urgent facility need.”	Applicant’s narrative of need is minimal OR school does not appear to have this need and/or the applicant does not include evidence of urgent facility need.	Applicant’s narrative of need is sufficient AND school appears to have this need and/or the applicant offers a minimal evidentiary basis of urgent facility need.	Applicant clearly defines schools’ need in narrative and qualifies as “urgent facility need” AND provides supporting documentation. Evidence offered in support of Urgent Facility Need is strong and convincing.

**A-6) Articles of Incorporation**

- Applicant provides signed copy of Articles of Incorporation for not-for-profit Corporation OR Articles of Incorporation are already on file.
- Yes

\_\_\_\_\_
- No

\_\_\_\_\_

**A-7) By-Laws**

- Applicant provides signed copy of By-Laws for not-for-profit Corporation OR signed By-Laws are already on file.
- Yes

\_\_\_\_\_
- No

\_\_\_\_\_

**A-8) Tax Returns**

- Applicant provides requested tax returns for the past 2 operational or planning years.
- Yes

\_\_\_\_\_
- No

\_\_\_\_\_

**A-9) Construction Projects**

- Additional Revolving Loan Construction Checklist for construction projects (included above) must be completed.*
- Pre-Construction Checklist must be submitted to Utah State Office of Education Construction Specialist, Jenefer Youngfield at [Jenefer.Youngfield@schools.utah.gov](mailto:Jenefer.Youngfield@schools.utah.gov) . Evidence that this has been done shall be submitted along with this application, and the application will not be considered to be complete unless or until this documentation is included.*